

To the Members of the California State Assembly:

I am returning Assembly Bill 2874 without my signature.

I am concerned about hospitals and emergency rooms closing, but the Department of Health Services cannot mandate hospitals, who are likely struggling financially, to stay open for up to nine months to allow the local governments to form local health care districts. Furthermore, requiring insolvent private hospitals to remain open, without county financial assistance during that time, could result in lower patient care standards due to rapid attrition of medical staff, hospital staff and suppliers during that time.

Mandating the sales price of a failing private facility to reflect the price of its use as a general acute care hospital is onerous regulation of the private marketplace. Instead, proper communication between a failing hospital and the community should provide the local government with first right of refusal of the facility at appropriate market rates.

This bill addresses the symptom of hospital closures and not the illness: the cost of providing care in California. Instead, the Legislature should focus on measures that foster success and solvency such as improving the regulatory environment, reducing the number of unfunded mandates that divert resources away from care and making health insurance premiums more affordable for our uninsured patients.

I encourage hospitals and counties to coordinate with one another with respect to hospital closures, but for the reasons stated above I am unable to sign this legislation.

Sincerely,

Arnold Schwarzenegger